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TAGS: [ETRD](#) [WTRO](#) [ECON](#) [PGOV](#) [UP](#)  
SUBJECT: UKRAINE'S WTO ACCESSION: 11/9 UPDATE

REF: A. KYIV 4216

- [1B.](#) KYIV 4183
- [1C.](#) KYIV 4104
- [1D.](#) KIEV 3670
- [1E.](#) KIEV 3569
- [1F.](#) KIEV 2587

Classified By: AMBASSADOR, REASONS 1.4 (B) AND (D)

[11.](#) (SBU) Summary: The key outstanding tasks for Ukraine to accede to the WTO remain concluding its two remaining bilateral Market Access Agreements, passing WTO-related legislation, and reaching agreement in multilateral negotiations on agricultural support levels. The GOU has made no substantial progress on the bilateral agreements in recent weeks. Parliament has begun to pass some of the required legislation, and appears poised to continue this work next week. Some MPs remain concerned about the negative consequences of accession on the agricultural sector, however, and the GOU will have to work hard to ensure that no provisions of the laws are non-WTO compliant. Ukraine's negotiators will face substantial concerns from Parliament on agricultural supports. End Summary.

[12.](#) (U) This is the first in a series of regular update cables regarding the status of Ukraine's WTO accession efforts.

Concluding Bilateral Agreements  
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[13.](#) (C) Ukraine has yet to sign bilateral Market Access Agreements with Kyrgyzstan and Taiwan. There has been no progress on the Kyrgyz bilateral in recent weeks. Privately, Ukraine's negotiating team appears frustrated, complaining that Kyrgyzstan is making unreasonable demands that fall outside of WTO parameters (ref F). The Ukrainians have said they hope the Working Party will "resolve" this issue and help them to "bypass" the Kyrgyz bilateral. During an informal October 27 meeting of Ukraine's Working Party, the Working Party Chairman urged both sides to conclude negotiations as soon as possible (ref B). Post has advised Ukrainian officials that such a "bypass" is unlikely and has urged the Ukrainians to continue negotiating in good faith.

[14.](#) (SBU) For the Taiwan bilateral, Ukrainian negotiators claim that only "protocol" issues, such as the location of a signing ceremony, remain unresolved. The bilateral has been stalled at this stage for several months and post is not aware of any recent progress to resolve these issues.

## Passing WTO-related Legislation

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15. (U) During the summer, Ukraine had identified 21 pieces of legislation and 6 Cabinet resolutions that they believe are necessary to meet outstanding commitments to WTO members and to bring the country fully in line with WTO rules. To date, Ukraine's parliament has adopted two of the 21 -- amendments to the laws "On Publishing" and "On Protection of Rights for Indications of Origins of Goods" (ref B). Parliament has passed another nine in the first reading. An additional nine draft laws have been submitted to Parliament but not yet gone to the first reading. Post expects parliamentary voting on draft laws to continue during its next plenary session the week of November 13.

16. (C) Privately, Ministry of Economy officials have admitted that several bills, already submitted, have been altered in the Cabinet of Ministers review process, and may need tweaking in order to bring them into full conformity with WTO provisions and commitments to WTO members. The officials said that work on fixing the drafts was underway. Lead WTO negotiator and Deputy Economy Minister Valeriy Pyatnytsky told us he is fully committed to pushing through a significant portion of the legislation by early December in order to allow for a fruitful meeting of Ukraine's Working Party in mid-December (ref A).

17. (SBU) Farhat Farhat, a USAID-funded technical advisor to the GOU, told Econoff November 8 that the draft law on VAT (regarding taxation of agricultural enterprises) was receiving considerable opposition from MPs. Farhat also commented that he felt Economy Ministry officials working on the legislation had not fully appreciated some discrepancies in the drafts, and that Pyatnytsky had only recently become

KYIV 00004237 002 OF 002

aware of the urgent need to make minor revisions in the draft before the parliament. Farhat noted that Pyatnytsky is particularly focused on the draft law "On Medicinal Drugs," as special interests have been lobbying hard for amendments to this draft.

18. (C) Dmytro Sviatash, Party of Regions MP and deputy chairman of the Parliamentary Banking and Finance Committee, which is responsible for seven of the outstanding draft laws, confirmed to Econoffs on November 8 that MPs intend to approve most of the bills in the first or final reading before December 1. However, Sviatash, who describes himself as a WTO skeptic and who has close ties to the domestic auto industry, said he expects there will be a "pause" after the first reading of some of the more controversial draft laws as MPs will attempt to submit their own amendments and expressed doubt all of the legislation would be adopted before mid-December, when Ukraine hopes to have a Working Party meeting. (Note: Parliamentary procedure requires a minimum of two weeks between the first and second reading of a law.) Sviatash noted that his Committee had requested copies of Ukraine's bilateral agreements with major trading partners, and said he would push for as lengthy transition periods in the legislation as possible. Econoffs informed him that the transition periods in the draft legislation should reflect the commitments of the GOU's negotiators. The mood in Parliament regarding WTO is now quite positive, according to Sviatish, except, he admitted, for some efforts to find a way to help certain industries such as agriculture, motor vehicle production, and banking.

## Concluding Negotiations on Agricultural Support

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19. (U) Ukraine still needs to reach agreement with the Working Party on agricultural support levels. Discussions took place in Geneva on October 26 (ref B), but Ukrainian negotiators continue to insist on using a 1994-1996 base period for calculations, which the Working Party believes is

not the most representative period and would unfairly inflate the level of support.

¶10. (C) Socialist and Regions MPs from the governing coalition highlighted their concern for Ukraine's agricultural sector during November 1 Parliamentary hearings. Minister of Agrarian Policy Yuriy Melnyk continues to play the role of WTO opponent within the Cabinet and spoke critically of WTO at the hearing. In a November 8 meeting with Ambassador, Parliamentary Speaker Oleksandr Moroz echoed the sentiments of many of the WTO-skeptics, describing agricultural support levels as a critical issue. He criticized previous governments for signing onto agreements that are not in Ukraine's national interest. (Note: Moroz seemed to believe, incorrectly, that Ukraine had already reached agreement on agricultural support. End note.)  
Taylor